BULLETIN

RESERVE BANK

OF

NEW ZEALAND

WELLINGTON, N.Z.

SEPTEMBER · 1953

CONTENTS

Note: Where figures are given to a certain degree of approximation the total shown may not be the same as the sum of the items.

The following symbols have been used throughout the "Bulletin":
.. = not available.
— = nil or less than half the unit employed.

Subscription 12/- a year, post free. For particulars apply to the Secretary, Reserve Bank of New Zealand, Wellington, New Zealand.

Full Employment of Economic Resources

VIII—SAVINGS IN NEW ZEALAND

ONE OF THE MOST IMPORTANT economic requirements in New Zealand at present is to find sufficient savings to maintain the high rate of capital expenditure which is needed.

Saving occurs when people (or businesses or Governments) refrain from spending current income on consumer goods. It may be voluntary saving, or it may be "forced" saving resulting for example from the fact that rising prices may cause people to consume less in volume. There may be compulsory savings too when stabilization schemes operate such as those adopted in New Zealand in respect of the meat and dairy industries. Savings also occur when a Government's current revenue exceeds its current non-capital expenditure, the surplus being used to finance part of its capital expenditure. This is referred to here as Government saving. The various factors which determine the level of savings are described below.

Personal Savings

Habits of thrift are desirable from a personal as well as an economic point of view. They indicate planned spending and self-restraint. They enable people to increase their wealth in the form of either physical assets (houses, farms, furniture, cars, etc.) or financial assets (shares, securities, mortgages, etc.). If invested in financial assets, they benefit not only the lender but also the borrower and facilitate the improvement of the capital assets of the whole community.

There are many channels through which people may save. (See later article on "The Capital Market in New Zealand".) It is common, in thinking of personal savings, to think in terms of only the best-known savings institutions — the Post Office and Trustee Savings Banks, and National Savings. For these organisations the excess of new deposits over withdrawals is usually called "small savings" (see table on p. 147). In practice these forms of saving represent a relatively small (but still important) proportion of total personal savings. The attention the figures receive is due to the very large number of persons who hold savings in this form, and to the fact that statistics are available monthly. (Statistics of most other forms of savings are either on an annual basis or not available.)

The factors which determine the amount a family will save in a year are so numerous that it is impossible to generalise. It is sometimes thought that saving is a function of income—the bigger the income the bigger the amount saved (both absolutely and proportionately). This is certainly true in the sense that people with high incomes have greater scope for saving if they want to, while those on low incomes have little chance to save, however much they may want to. But it is not true in detail. Recently the Oxford Institute of Statistics conducted a sample survey of incomes and savings[1] and came to the conclusion that "there are many people of small means who save more than others who would be counted well-to-do. There are wealthy people who not only fail to save but live on capital. A man's saving habits are determined not only by his income but by his occupation, age, tastes, commitments, and many other aspects of his character and circumstances."

Many of the factors which influence the volume of saving cannot be controlled by official policy measures, but policy can affect some of them. For example, there is the question of taxation on the interest earned on savings, and the rate of interest itself; contractual savings (life insurance premiums, contributions to superannuation funds, repayment of table mortgages) are relatively "painless" especially if deducted regularly from wages or salaries. Perhaps the greatest influence on personal savings is public confidence in the future of the price level. If there is a belief that goods will become scarce or more expensive, people will buy goods now (especially durable consumer goods) rather than save and buy later. They will hold their assets in goods rather than money or fixed money claims, because the goods are expected to increase in money value whereas money or fixed money claims fall in real value. In a country where prices are steadily rising the danger of more serious inflation is much reduced if contractual forms of saving are widespread and savings habits are well established; but if price rises are large and continuous, savings habits are weakened so much that inflation is intensified—a vicious circle.

Savings habits tend to be weaker, too, in a country which adopts "welfare state" policies. The need for people to accumulate savings to provide for a "rainy day" such as sickness, unemployment or old age is reduced because the social security system and full employment policies are designed to ensure that there shall be no "rainy days". But the community's need for saving is not reduced. In fact the same welfare policies usually involve heavy capital expenditure on social development projects, and the need for savings is increased.

Business Savings

To a significant extent business firms are able to provide for themselves the funds with which to finance their capital expenditure. This is known as "self-financing" or "ploughing-back", and represents a substantial part of the community's total saving. It is done in two ways—by depreciation allowances and by retained profits placed to special or general reserves.

Depreciation allowances are the means by which business provides for replacement of its existing capital assets (buildings, machinery, equipment). Normally, they should be sufficient to finance the replacement, when required, but it becomes difficult to assure this in a period of rising prices and high taxation. Standard depreciation allowances are deducted from business income for income tax purposes, but these are based on historical or original cost and not on replacement cost. Business cannot put aside enough to finance replacement when prices are rising unless they allow a higher amount of depreciation than the tax authorities permit as a tax deduction, and this is difficult when tax rates are high.

[1] Oxford Institute of Statistics Bulletin, July, 1952.

In addition to depreciation reserves a very substantial part of business profits is saved—i.e., it is not paid out in taxation or dividends but is retained in the business as reserves for various purposes. The London "Economist" recently estimated that in the United Kingdom last year, of every £1 of profits, 7/8 or about 38 per cent was saved; while of every £1 of personal income only 6½d. or less than 3 per cent was saved.

For New Zealand in 1950/51 companies (including those Government departments and societies which are assessable for income tax) had a net income of £78 million, of which £38 million was paid in taxes, £19 million was paid in dividends and about £21 million or 53 per cent of the net income after taxation was added to shareholders' funds. The major portion of this £21 million, and the £14 million provided for depreciation before arriving at the net income, would be "ploughed back".

The importance of business saving in the financing of the businesses themselves is shown by the fact that between 1945 and 1951 private industry in the United States raised capital funds from the following sources:[1]

Retained profits	35%
Depreciation allowances	22%
External debt financing (borrowing from financial institutions, debentures, etc.)	20%
Stock issues	4%
Other sources (including increases in tax reserves)	19%

Thus American industry financed about 60 per cent of its capital expenditure out of its own savings. The comparable figure for New Zealand is not known, but it also must be large. If business is to devote funds to capital purposes to the extent that economic progress requires, attention must be given to ensuring an adequate supply of business savings.

A special and temporary form of savings which was of importance in recent years in New Zealand was the system of stabilization accounts for the dairy and meat industries,[2] and the accumulation of capital funds of the wool industry. Part of the incomes of those industries was withheld in special accounts, the funds accumulating therein being invested mainly in Government securities and thus helping to finance Government capital expenditure. This form of saving has now almost ceased.

Government Savings

These are equal to the surplus of current revenue over current expenditure, i.e., the difference between the Government's revenue (other than loans) and Government expenditure of a non-capital nature. If the Government has a deficit on current account this would be the very opposite of savings and thus inflationary in effect. (Note that in this context "Government" includes local bodies, and that "Revenue Balances of Government" as used in the National Income statistics are not the same as the published surpluses and deficits of the Consolidated Fund and the Social Security Fund.)

In this sense the New Zealand Government has had a current account surplus in recent years, and has been able to use it to finance part of its capital expenditure. This method of financing Government capital expenditure has some disadvantages when taxation rates are high, since the taxation which makes a current account surplus possible discourages private and business saving to some extent; therefore Government saving is not an addition to total saving by its full amount. While Government savings out of revenue may contribute part of the funds required to finance its capital expenditure, it will normally be necessary for the majority of the funds to be borrowed by the Government from the rest of the community, i.e., from personal and business savings.

Estimates of Total Savings

The only estimates of total savings which are available are those given in the National Income statistics. In practice it is extremely difficult to make a direct estimate of the savings of the community because there are so many ways in which it may be done. Although there has been evidence of a shortage of savings relative to investment for some years past, it is not shown in the National Income figures for saving and investment. This is because "savings", as defined for the purpose of these calculations, is equal to the amount of capital expenditure or "investment". It is possible to calculate total investment (including changes in stocks) and also two of the three main components of savings—Government savings and depreciation allowances—leaving the third, private savings, as a residual item. The following table illustrates the way in which the National Income statistics deal with the problem of analysing savings and investment:—

(£ millions)

	Year ended 31st Mar., 1953
Savings	
1. Private Savings	117
2. Revenue Balances of General Government and Local Authorities	32
3. Depreciation Allowances	43
Total Funds Utilised	**191**
Investment	
4. Gross Capital Formation in New Zealand—	
(a) Private (including changes in stocks)	110
(b) General Government	55
(c) Local Authorities	15
5. Net change in Overseas Assets	+11
Total Investment	**191**

These figures may be interpreted as follows: total capital expenditure during the year amounted to £180 million, but savings from all sources amounted to £191 million, the difference of £11 million showing up as an increase in (or "investment" in) overseas assets. If, as in 1951/52, savings are insufficient to finance total capital expenditure, the deficiency is made up by the use (or "disinvestment") of overseas assets. There is thus a close relationship between savings and investment in New Zealand on the one hand, and the balance of external payments on the other; for if savings do not match the country's investment spending, an external deficit, with loss of reserves, is likely to occur. If the deficit is prevented by means of import and exchange controls, then a deficiency of voluntary or Government savings will be made up by forced savings, brought about by inflation; and part of total investment spending will be financed not out of savings but by means of bank credit.

[1] United Kingdom Treasury's "Bulletin for Industry", May, 1953.
[2] See Reserve Bank "Bulletin" for May, 1953.

Changes in the value of stocks of goods may also result from an excess or deficiency of savings. For example, if savings exceed decisions to invest, spending as a whole may lag and stocks in the hands of retailers, wholesalers and producers may increase. Thus there may be "forced" investment in stocks. This situation occurred in the depression, but the problem has been the reverse in most of the period since then.

The Importance of Saving

The need for a high level of saving, both by business and individuals, cannot be over-emphasised in present circumstances, if inflation is to be avoided and external receipts and payments are to be in balance. We must become "savings-conscious" and remain so as long as the demand for capital expenditure remains at its present high level. If these savings are not forthcoming and the present rate of expenditure is maintained, the result can be harmful to the economy. It can lead to rising prices, or the using up of stocks, or balance of payments difficulties, or all of these in some degree.

In order to become more "savings-conscious" we need to provide every possible method of collecting voluntary savings, including for example the more extensive organisation of savings groups with regular deductions from wages and salaries. (In the United States a scheme is going into operation whereby people may buy industrial shares on the instalment plan.) More important, however, is the attention which should be paid to incentives for saving.

IX—THE CAPITAL MARKET IN NEW ZEALAND

[EARLIER ARTICLES IN THIS SERIES HAVE EMPHASISED THE IMPORTANCE OF VOLUNTARY SAVINGS AS A MEANS OF FINANCING CAPITAL EXPENDITURE WITHOUT INFLATION. IT IS NOT ENOUGH THAT SAVINGS SHOULD BE ADEQUATE IN TOTAL. THEY MUST ALSO BE MADE AVAILABLE TO THE PEOPLE OR BUSINESSES THAT NEED THEM, SO THAT AVAILABLE RESOURCES ARE PUT TO THEIR MOST BENEFICIAL USE.]

Nature of the Capital Market

Funds used for capital expenditure become available in two ways. The first may be termed "self-financing". Governments may finance works from budget surpluses, firms may "plough back" undistributed profits and depreciation allowances, and individuals may use their own savings to finance their capital expenditure on homes or other assets. Investment of this kind needs no capital market to mobilize savings. The second method is borrowing, and it is in this field that the capital market operates. An efficient capital market should provide adequate means whereby savings not required by the savers themselves are lent out, either directly or through the medium of the Stock Exchange or financial institutions, to those willing and able to borrow.

The effectiveness of the market depends on the extent to which it stimulates saving, makes lending terms attractive, and provides a channel through which funds are placed, in convenient form and on acceptable terms, at the disposal of borrowers. For the savers there must be convenient ways of setting aside funds as well as sufficient inducement to save and lend. Some may be willing to put their money into a risky enterprise hoping for quick profits or capital gains; others are more concerned with getting a regular income from secure investment even if the money is "tied up" for a long period; others want to ensure that their savings can be turned back into ready cash at any time without capital loss, and are not so concerned with deriving income from their investment. On the other hand, borrowers may want money for only a few days, or for a definite period of years, or for an indefinite period; and they may not be willing to let the people from whom they obtain funds exercise any control over their business. The institutions which comprise the capital market should be sufficiently varied and adaptable to meet all requirements however large or small the amounts and whatever the purpose, and should permit lenders if they so desire to change the form in which their savings are held with a minimum of trouble. An inefficient capital market discourages savings, increases the risk of losses, hinders the most effective use of physical resources, and tends to result in too great a use of bank credit. A market which provides adequate facilities for all types of savers, lenders and borrowers, can make a valuable contribution to progress and to stability.

"Idle Funds"

Some people hold their savings in the form of cash and do not make them available to borrowers in the market. Hoards of notes and coins are rare now, because the public are aware of the usefulness of banks and have full confidence in them; but some of the funds deposited "on demand" with trading banks may remain idle there. There is no way of calculating the extent of these idle funds, for there are degrees of idleness. Nevertheless the fall which has occurred in recent years in the index of velocity of circulation of bank deposits suggests that a proportion of them must be idle and therefore potentially available for investment. The balances yield no interest for the holder, so that it is only when the incentives offered are considered more than sufficient to offset the inconvenience of reduced liquidity that these funds will be made available to borrowers.

Fixed or time deposits at the trading banks represent idle cash balances which are left in depositors' accounts for a fixed period, in return for which the banks pay interest, the rate ranging at present from $\frac{3}{4}$ per cent on deposits for three to six months to 2 per cent on deposits for two to three years. The funds thus deposited are not made available directly to any particular borrower, for there is only an indirect connection between the level of a bank's fixed deposit liabilities and its lending operations.

Supply of Funds to the Capital Market

When savers want to put their funds to profitable use by lending them, there are several ways in which they may do so. The more important methods available in New Zealand are listed below:—

(a) One of the main forms of repository for the idle funds of the private individual are the savings banks—the Post Office Savings Bank and the five trustee savings banks. The rate of interest which the trustee savings banks may pay on deposits is regulated by Order-in-Council, and at present is fixed at 2½ per cent per annum on deposits up to £500 and no interest is payable beyond this figure. These savings banks are obliged by Statute to invest a proportion of their funds in Government securities. The rate of interest payable on deposits with the Post Office Savings Bank is 2½ per cent on deposits up to £500, 2 per cent on deposits of from £501 to £2,000, and 1½ per cent thereafter up to £5,000. Balances in both the trustee savings bank and in the Post Office Savings Bank are available on demand, but (except for one of the trustee savings banks) are not transferable by cheque. National Savings are a special form of savings available in two forms—bonds and accounts—through any of the savings banks. Bonds mature in five years from date of purchase and (since 1st September, 1953) bear interest at 3½ per cent; balances in National Savings Accounts bear interest at 3 per cent, and may not normally be withdrawn until two years after the 30th June following the date of lodgment. As shown later, the balances in the savings banks and in National Savings form a major source of funds for Government borrowing.

(b) Some private trading and financial institutions also accept deposits, either on demand or for fixed periods. The financial institutions include stock and station agents, and building and investment societies. The interest they may pay is limited by statutory regulation and at present it ranges from 1½ per cent on demand deposits to 3½ per cent on deposits for 4 years or over.

(c) Insurance companies carry out an important function in collecting regular savings in the form of premiums. Some premiums (e.g., for fire, accident, earthquake and war damage insurance) may seem more like business expenses than savings, but many small sums add up to large funds in the hands of the companies and are available for investment.

(d) Large sums are contributed annually to superannuation funds, which are normally subsidised by the employers concerned. The surplus funds are available for lending, though the range of permissible investments is usually limited.

(e) Undistributed company profits are a further source of funds for the capital market, but as stated in an earlier article the greater part is used by the companies themselves, and little is normally lent to other enterprises. Some however may be invested in Government securities or in associated companies.

(f) The balances in the Meat and Dairy Industry Accounts have also been mentioned earlier in this series. They have mainly been invested in Government securities, but recently funds from the Dairy Account have been lent to dairy companies for capital improvements.

(g) The lending institutions receive substantial sums regularly when borrowers repay previous loans, by instalments or lump sums. These funds are normally available for re-lending.

(h) Another source of funds in the capital market is the trust funds of solicitors and trustee firms.

Borrowers in the Capital Market

We have listed the main sources of funds and the lending agencies active in the capital market. Who are the borrowers and what particular sources of funds do they use?

First there are **individuals** who borrow mainly to finance small business, property purchases or home building.

There are numerous avenues open to them—borrowing from other individuals, several private trustee and agency companies, insurance companies, the five trustee savings banks, building and investment societies, and the State Advances Corporation.

In this country the provision of long-term finance for farmers is of special importance, and several methods are available to them. They can borrow from the institutions mentioned above, though some tend to specialise in farm mortgages more than others. In addition they may borrow from stock and station agents or from their co-operative dairy companies.

The main method of **company** borrowing is by the issue of shares or debentures through the Stock Exchange to the public in the case of public companies, and by private arrangement in the case of private companies. In this way the capital of companies is drawn mainly from individuals, directly through sale of shares or indirectly through the medium of savings institutions. Substantial sums are also obtained from mortgages granted usually by insurance companies. (The present form of control over capital issues is referred to in the following article.)

The Stock Exchange provides facilities for the raising of loans by **local authorities,** who may also accept applications to these loans "over-the-counter". Local body loans attract subscribers from trustee savings banks and insurance companies along with the general public, particularly the public in the district where the local body is situated.

The **Government** obtains a proportion of its finance for capital purposes from funds held by the Post Office Savings Bank and National Savings Accounts. As previously mentioned, funds have also been borrowed in recent years from the primary industry accounts. From time to time the Government invites subscriptions to public issues of Government stock. Subscribers to these loans include the general public, the trustee savings banks, insurance offices, government departments and local bodies. The following is an estimated analysis of the holders of the public debt domiciled in New Zealand as at 31st March, 1951:—

PUBLIC DEBT IN NEW ZEALAND

(£ millions)

Government Departments—	
Post Office and National Savings	189
Other (excluding Insurance)	69
Primary Industry Reserve Accounts	55
Reserve Bank and Trading Banks	86
Trustee Savings Banks	32
Insurance Companies and Societies (including Government)	56
Trust Companies and Identifiable Trusts	12
Local Authorities	10
Non-Business Institutions	9
Other, including Individual and Joint Holders	71
	589

The overseas market is a further possible source of Government borrowing. This topic will be discussed in a later article.

Adequacy of the New Zealand Capital Market

A capital market cannot work to its best efficiency unless there is a complete range of financial institutions, and a large turnover of securities. In New Zealand, owing to the small population and the limited range of securities on the market, these conditions are not completely fulfilled, but the situation should correct itself in time as the country grows and develops. But there are other limitations in the capital market in New Zealand. One is the almost complete absence of a short-term money market, including a market for Treasury Bills; the other is the difficulty experienced by moderate-sized businesses in obtaining long-term capital, because their requirements are too small to justify a public issue of shares or debentures.

Bank Credit

The question of the use of bank credit to finance capital expenditure has not been discussed here. We have been concerned with investment and capital formation; and while bank credit is a possible means of finance it is not a desirable means in present circumstances of full employment. The appropriate and normal function of bank credit is to finance business turnover, the holding of merchandise stocks, and work-in-progress. An expansion of credit may also be appropriate when production and employment are lagging in order to stimulate business activity, but that need does not exist in New Zealand at present.

X—CAPITAL FORMATION AND CONTROLS IN NEW ZEALAND

[PREVIOUS ARTICLES IN THIS SERIES HAVE TOUCHED ON VARIOUS FIELDS OF CAPITAL DEVELOPMENT IN THE DOMINION. THE PURPOSE OF THIS ARTICLE IS TO OUTLINE IN BROAD TERMS THE CHANGES WHICH HAVE OCCURRED IN RECENT YEARS IN THE EXTENT AND TYPE OF CAPITAL FORMATION,* AND THE METHODS THAT HAVE BEEN USED TO REGULATE IT.]

Total Capital Expenditure

The following table, abridged from the "Economic Survey 1953", shows the latest estimates by the Government Statistician of public and private investment (excluding changes in stocks of goods) in selected years since 1929. The increasing use of resources for capital formation since the war is shown in the final column. Since 1943 the proportion of the gross national product so used has, except for a slight check in 1950/51, risen steadily from the low level to which it fell during the war. In 1952/53 it reached 23 per cent, which must be regarded as a high figure. Since 1948/49 the proportion has been higher than in 1938/39 even though at that time special works, housing and other programmes designed to eliminate unemployment were in operation. It is this rapid growth of capital formation in a period of full employment that has made savings increasingly important.

In the various items making up the total there have been some significant changes between the pre-war and post-war years, and also within the post-war years themselves.

The most notable change is in the relative importance of public (central Government and local authority) investment compared with that of the private sector. Up to 1942/43, in each year for which figures are available (including those not listed in the table), the central Government and local bodies together accounted for just under 60 per cent of total investment. Since 1943/44 the capital outlay of the private sector has increased faster than that of the public sector until the position is nearly reversed, private capital formation now representing almost 60 per cent of the total.

This has meant that in the post-war period not only has the pressure on resources been greater than before the war but the public sector in expanding its own development plans has been in keen competition for resources with an even more active private sector. Within the public sector, however, the relative part played by local authorities has declined since before the war.

Anti-cyclical Government Expenditure

A policy frequently advocated by economists, with much justification, is that capital expenditure by Government authorities should be deliberately varied so that changes in private capital expenditure can be offset, leaving the total of public and private relatively stable. It is thought that in this way the whole economy might be stabilized. While the objective is obviously desirable and should be accepted as a general principle, in recent years it has been difficult to put it into effect because of other important factors which have had to be considered. One difficulty has been the effect first of the world depression and then of World War II in postponing much basic development work; and with the population of New Zealand rising steadily a certain amount of capital expenditure must go on (housing, schools, electric power, for example). Thus a strong demand for public capital expenditure has coincided with a period in which business activity would have been great for other reasons. There is also the fact that capital works have to be planned well in advance and once started it is best to carry them through to completion without interruption. Thus it has been difficult, quite apart from the political factors involved, to justify a slackening of essential works. Rather it became a question of deferring less essential works by means of direct Government decision or by controls over private capital expenditure. At the same time the need for appropriate monetary policies and for increased saving became more urgent, because a high rate of capital expenditure can cause inflation if credit policies are too "easy" and savings are not correspondingly large.

Indirect Controls

Broadly there are two types of policy which might be adopted to check a tendency for excessive capital

* Gross capital formation represents the construction in New Zealand or purchase from overseas of durable capital assets by the private, General Government, and local authority sectors, plus net investment in stocks by trading concerns.

expenditure to produce inflation. One type may be classified as "indirect controls", the other "direct controls".

The indirect controls are designed to restrain expenditure in a more general way without detailed official decisions, by creating an economic environment in which businessmen will of their own volition decide to limit their capital investment. These controls at the same time tend to increase the physical and financial resources that are made available for capital purposes. There is in this case no system of priorities laid down by authority, the allocation of resources being left to market forces and the price system. There are three main aspects of indirect controls—credit policy, fiscal policy, and interest rates.

Credit policies which limit the general availability of bank credit and thus prevent the development of an inflationary boom serve a double purpose of keeping within reason the profit expectations of business enterprises, thus influencing their decisions to make capital expenditure, and also creating conditions favourable for a high level of saving.

Fiscal policy can be used both to discourage capital expenditure, e.g., low depreciation allowances on equipment for income tax purposes, and to promote savings, e.g., by granting favourable rates of taxation on undistributed profits.

Interest rates are also very relevant to the question of saving and capital expenditure, and will be discussed in a separate article next month.

Direct Controls

Direct controls are concerned with restraining capital expenditure by means of detailed official decisions based on a system of priorities, reducing total expenditure to the resources available (both physical and financial) and allocating those resources in what is believed to be the most effective way.

In recent years such methods have been fairly extensively used by New Zealand in a period of moderate inflation. The controls can relate to the use of borrowed money (from banks or from the market) or to the use of vital materials (e.g., steel, timber, cement, roofing iron).

Within the public sector direct control of Government works expenditure is exercised by Cabinet, which has the responsibility of co-ordinating the various programmes submitted by the departments, placing them in order of priority and allocating the funds available.

The works programmes of local authorities are also subject to Government controls. The Local Government Loans Board, established in 1926, under the chairmanship of the Secretary to the Treasury, examines schemes involving the raising of loan finance by the local authorities concerned. The Board consults appropriate Government departments according to whether the proposals relate to electric supply, harbours, hospitals, water supply, housing, roading, or other construction, and also considers the prospective financial resources of the local authority. After consent by the Board, but before an Order-in-Council is issued to authorise the actual loan issue, Cabinet has an opportunity to review the proposal in relation to the complete investment programme and the state of the capital market.

Control of issues of capital by companies is operated under the Finance Emergency Regulations. During the war fairly intensive control was maintained mainly to avoid the use of capital for projects not essential to war production. After the war, control was eased progressively until April, 1952, when, owing to the heavy demand for capital and the tendency for interest rates to rise, the Government announced its decision to set up the Capital Issues Committee and to apply more fully the existing powers of control. Designed to bring about more orderly conditions in the capital market and to help reduce the excess demand for labour and materials, the control has been a material factor in deferring many less "essential" projects. The control touches only a section of the capital market as it does not apply to individuals or partnerships but only to companies desiring to raise sums in excess of £10,000 in any period of twelve months. It is unable to affect the demand for resources by companies which do not need to raise money in the market, or which need to raise less than £10,000 in the year.

Since 1939, under the Building Emergency Regulations, the prior approval of the Building Controller has been required for certain building and construction activity. The original purpose was to conserve materials and labour for the war effort, and during the early war years the regulations applied to all forms of construction work (other than Government) and involved not only approvals of projects but also allocations of the more important construction materials. The control has been gradually relaxed, and prior approval under the regulations is now required only for projects involving the building of dwellings in excess of 1,500 square feet (single storey) or 1,600 square feet (two storey), additions to dwellings involving extra floor space costing over £500, and commercial buildings or construction projects costing over £6,000. The control has been decentralised, wide powers having been granted to District Building Controllers. The control is administered by the Works Department which consults other appropriate government departments and takes into account both local and national factors when determining the essentiality or urgency of any project. The extensive system of allocations of construction materials which operated during and after the war has now almost disappeared. The building controls should not be confused with the issue of building permits by local authorities, under the Municipal Corporations Act, 1933, which are mainly concerned with standards of construction and questions of town planning.

Under the Advance Control Policy introduced in 1942 by arrangement with the trading banks, the Reserve Bank has sought to avoid the creation of bank credit for the financing of capital expenditure. Exceptions are allowed only on a temporary basis, pending the arrangement of long-term finance from non-banking sources, or in special circumstances where alternative finance is not available. The purpose behind this policy is to prevent the inflationary effects which would follow if capital expenditure were financed by new money in a period when economic resources are already fully employed. It is also undesirable that trading banks, which depend so much on liquidity, should lend on long-term; equally the business community should not finance fixed assets by means of loans callable on demand.

A number of other controls also affect capital outlay programmes to some extent. Import control, by limiting expansion in some businesses, reduces their

demand for capital, but in other cases the protection given to local industries increases their capital needs. Importation of capital equipment is however allowed fairly freely to facilitate capital investment in essential industries.

Various trades and industries are controlled for social and economic reasons not primarily concerned with questions of inflation or demand for resources but in their operation these controls may encourage or discourage capital formation. For example, the Licensing Commission restricts the number of liquor licences, thereby reducing the capital requirements of the trade, but on the other hand it is now insisting on improved accommodation standards. Transport Licensing affects the demand for capital in the form of trucks, taxicabs, and passenger service vehicles, equipment and buildings. The licensing of industries under the Industrial Efficiency Act, 1936, applies to the manufacture of paper pulp and paper products, rubber tyres and tubes, linseed products, rennet and some other small industries; and to the wholesale and retail distribution of petrol and the pharmacy industry. The establishment of freezing works for the meat export trade is subject to licensing under the Meat Act, 1939, while the Department of Agriculture controls the establishment of dairy factories.

This list of controls affecting capital formation directly or indirectly is not complete, but it serves to indicate the many types of control in operation. Nevertheless there is no central organisation within the Government which co-ordinates all controls over capital expenditure or plans the various expenditure programmes, relating them to the physical, and financial resources available; and there remains an extensive field of capital formation which is not subject to direction and is regulated only by conditions of supply and demand.

GROSS CAPITAL INVESTMENT (EXCLUDING CHANGES IN VALUE OF STOCKS)

(£ millions)

March Year	Gross National Product	Private				Government				Total Gross Investment	Per Cent, G.N.P.
		Building	Other	Total	Per Cent, G.N.P.	Central Government	Local Authorities	Total	Per Cent, G.N.P.		
1929	203	6	5	11	5	9	5	14	7	25	12
1933	116	1	3	4	3	3	3	6	5	10	9
1939	229	7	10	17	7	16	6	22	10	39	17
1943	333	2	5	7	2	6	3	9	3	16	5
1945	377	8	13	21	6	14	5	19	5	40	11
1946	397	13	14	27	7	17	5	22	6	49	12
1947	421	20	17	37	9	21	6	27	6	64	15
1948	476	20	25	45	9	26	7	33	7	78	16
1949	484	22	26	48	10	32	8	40	8	88	18
1950	550	28	30	58	11	39	9	48	9	106	19
1951	692	37	35	72	10	40	10	50	7	122	18
1952	713	44	48	92	13	41	13	53	7	145	20
1953*	741	42	55	97	13	55	15	70	9	167	23

* Provisional.

National Housing Conference

THE DECLINE OF BUILDING in the depression years, the diversion of construction activity during the war, the pent-up wartime demand and the continuing increase in population have created a housing problem in New Zealand. For a number of years past there has been a shortage of houses, resulting in higher prices and compelling many families to live in unsatisfactory conditions. In spite of efforts made to stimulate house-building—and the number of houses built increased considerably in the post-war years—the demand remained strong and costs continued to rise. One indication of this is the fact that the unsatisfied applicants for State rental houses still number about 36,000, though this figure exaggerates the shortage.

In recent months there have been signs of a slackening of activity in the housebuilding industry, builders finding less pressure of work and a need to be more competitive in their tendering. Some of them have transferred their activities from house-building to other forms of construction. One reason given is that too many would-be home-owners are unable to raise the money necessary to finance the building of a new house at present high costs.

It was for the above reasons that the Government called a National Housing Conference in an attempt to obtain the best possible information and advice on how building costs might be lowered and more houses might be built.

Population Changes

In the twenty years 1933 to 1953, the population of New Zealand rose by 32.5 per cent from 1.538 million to 2.038 million, and approximately half of this increase has taken place since 1948, the increase per annum rising from 38,000 in 1949-50 to 47,000 in 1951-52 and 53,000 in 1952-53. Nevertheless the average number of occupants per dwelling has steadily declined. From 4.28 in 1921, from 3.90 in 1936, it has fallen to 3.60 in 1945 and risen only slightly (these were five years of considerable population increase) to

3.61 in 1951. The figures indicate a steady improvement in average housing conditions but do not reveal the fact that some over-crowding still exists. They also do not take account of the steady movement of population from the south to the north and, under pressure of the war-effort and the development of secondary industry, from the country to the main towns. Furthermore, our houses are mostly built of wood, and each year an increasing number fall due for demolition.

Rate of House-Building

From 1925 to 1930 the average annual value of permits issued for the construction of new dwellings exceeded £5 million. In the following five years the figure was only slightly over £1.5 million, and it is clear that much of the post-war housing shortage was a legacy in the decline in building in that period. Six years of war increased the difficulty, the value of permits issued falling from £7.0 million in 1938-39 to £0.75 million in 1942-43, recovering to £3.6 million in 1943-44. With the end of the war permits rose rapidly—£13.9 million in 1945-46, £25.6 million in 1948-49 and £37.3 million by 1952-53—averaging over the last five years £32.2 million. The number of dwellings in existence (census figures) rose from 286,000 in 1925-26, 350,000 in 1935-36, 403,000 in 1944-45 to 494,000 in 1950-51.

Since 1949 the Government has aimed at home building by private enterprise rather than by the State. The effect of this policy is shown in that the number of permits issued for Government dwellings which rose from 2,000 in 1944 to 5,000 in 1950 (approximately 40 per cent and 30 per cent of the total respectively) fell to average slightly over 3,000 in the three years ended March, 1953.

The figures for building permits give a general but not an accurate picture of the rate of house-building, since the date of issue of a permit does not indicate when the house is built, nor are all permits used. For the past five years, however, figures are available showing approximately the number of houses completed. They are:—

Year Ended March	Number
1949	15,200
1950	15,800
1951	16,400
1952	16,300
1953	16,100

Labour Force

From November, 1947, to April, 1953, the total labour force in the building industry rose by 22 per cent from 37,333 to 45,512. Details of their occupations and type of construction work are given in the table opposite.

Of the main categories, bricklayers and drainlayers alone showed a decrease in number. The number of plumbers and electricians rose by only 14 per cent and 22 per cent respectively, while the greatest percentage increases were in clerical and executive workers (53 per cent), concrete workers (209 per cent), lorry drivers (58 per cent) and other machine drivers (41 per cent). Over the same period there were several significant changes in the class of work done by this labour force. The labour engaged in the construction of houses and flats fell by 9 per cent to 11,433 while the numbers engaged in all other main categories of work rose. Labour occupied on hospitals, schools and other government building rose by 137 per cent, and local authority buildings (excluding dwellings) by 238 per cent. That used for private, commercial and industrial premises increased by 60 per cent and for jobbing and maintenance work by 22 per cent. Only 25 per cent of the labour force was available in 1953 for the construction of dwellings, compared with 34 per cent in 1947.

PERSONS EMPLOYED IN BUILDING AND CONSTRUCTION

	As at 15th Oct., 1947	As at 15th April 1953
A. Occupation:		
Carpenters and joiners	11,156	13,550
Plumbers	1,850	2,105
Bricklayers and drainlayers	649	625
Painters, paperhangers, plasterers	3,221	3,470
Electricians	1,138	1,393
Clerical, executive, etc.	2,242	3,427
Working proprietors	3,380	3,972
Labourers	5,762	6,413
Other professional, skilled and semi-skilled workers	7,935	10,557
TOTAL	**37,333**	**45,512**
B. Type of Construction:		
Houses and flats	12,600	11,433
Hospitals, educational and other government and local body buildings (excl. houses and flats)	2,160	5,485
Commercial and industrial premises, incl. farm buildings other than dwellings	3,254	5,433
Civil and electrical engineering, and all bridge construction for the Government	6,657	7,420
Maintenance and small jobbing work	4,502	5,494
Other	8,160	10,247
TOTAL	**37,333**	**45,512**

In 1952 nearly one-third of boys leaving school were entering apprenticeship agreements. In the 12 months ended March, 1952, there were nearly 3,500 new apprentices, of whom 25 per cent were carpenters and joiners. Only 5 per cent entered the plumbing trade, however, apparently one of the worst bottlenecks in the building industry. Between 1948 and 1952 there was an increase in the number of apprenticeship contracts in force of 6½ per cent.

Housing Costs

The post-war demand for housing and the rising incomes naturally affected costs. Prices rose with the increased demand for resources, and while the 14,000 permits issued in 1948 were valued at £21 million the 16,000 issued in 1953 were valued at £37 million. The index of house building costs for the Greater Wellington area, based on a sample of contracts for a model house of 1,000 square feet, rose from 100 in December, 1942, to 201.5 in June, 1953.

Building prices had, in many cases, so risen that buyers who could obtain loans of a certain percentage of valuation could nevertheless not bridge the gap between the mortgage limit and the cost price. An analysis of housing costs by the Ministry of Works in 1953 showed 61.5 per cent for materials and cartage,

23.3 per cent for labour at award rates, 2.4 per cent for fares and travelling time, and 12.8 per cent for overhead and profit. A breakup of the distribution of costs by trades showed 49.9 per cent contributed by the general contractor, 13.4 per cent by the joiner, 12 per cent by plumbing, 8.7 per cent by the painter, and 11.1 per cent by roofing, drainlaying and plastering.

As a preliminary to the Housing Conference, the Government organised two competitions, one for the design of a family house at a lower cost, and the other for practical plans for simplifying and cheapening construction.

Organization of Conference

For the Conference itself, held in Wellington from 4th to 7th August, representatives were invited from all bodies connected with building—employers, workers' unions, professional organizations, the Associated Chambers of Commerce, the Federation of Labour, and the relevant Government Departments. The Acting-Premier, the Hon. K. J. Holyoake, was Chairman of the Conference, assisted by five other Cabinet Ministers.

Main Recommendations

It was understood that the findings of the Conference would not be binding on the Government, but would be recommendations reflecting as far as possible the feeling of the whole meeting rather than majority decisions.

The first problem facing the conference was to calculate the country's probable housing requirements. It was estimated that the increase in population (assuming net immigration of 15,000 a year) would require 12,500 houses in 1953-54, rising to 14,700 after ten years, and averaging 13,800 a year for the 10-year period. Arrears of housing (the present shortage) was estimated at 8,000, and 60,000 replacements will be required by 1963 for houses due to be demolished. The total figure is 206,000 houses or an average of 20,600 houses over the next ten years. These figures are regarded as conservative. (A housing survey similar to that made in 1939 was recommended, so that the programme could be adjusted from time to time.) The building of this number of houses would involve a progressive increase in the annual target from 17,000 to 25,000 a year.

In respect of the technical and administrative aspects of building houses, numerous recommendations were made concerning such matters as materials, designs, standard specifications, subdivision of land, apprenticeship, and authority of local bodies. Special attention was paid to methods of reducing costs, improving efficiency, and eliminating unnecessary legal or administrative impediments. An analysis was made, too, of the differences in building costs between the main cities, and these were mostly explained satisfactorily.

A topic discussed widely at the Conference was the construction of multi-storey flats. It was shown that their advantages included the saving of productive land and the better use of existing services (transport, shops, drainage, sewerage, electric and gas reticulation), instead of requiring the provision of new services. Although the Conference considered that houses should have a higher priority than flats, it was recommended—

(*a*) that the Government and local bodies should include some multi-storey flats in their building programmes, especially in Auckland and Wellington;

(*b*) that a limited number of similar flats might well be built by private enterprise, but before this would become attractive to investors it would be necessary to exempt new flats from the requirements of the Tenancy Act, which limits rents and the rights of landlords. (The Government was recommended to review the whole of the Tenancy Act.)

In view of the shortage of labour and the leisure time enjoyed by the average New Zealander, the Government had put forward proposals to aid those who wished to build their homes themselves, by providing technical instruction and cheap sets of plans. The dangers of slipshod building were pointed out, but the Conference considered the experienced gained in the rehabilitation of ex-servicemen after 1945 and endorsed the proposals.

A policy designed to encourage building organizations to undertake large scale house-building was also recommended. Its essentials were that the trading banks finance, in the first instance, the purchase, servicing and subdivision of land blocks for such organizations, on suitable conditions, and that they make progress payments on houses to be built according to plans approved by lending institutions; that the organizations sell such houses privately; and that the Government extend to the long-term lender the mortgage guarantee scheme agreed upon at the Conference, and take over within an agreed period a limited number of such houses, should they be left unsold.

The Government's proposal for a mortgage guarantee scheme to facilitate housing finance was approved by the Conference. Briefly the plan is that the Government, through the State Advances Corporation, will provide a guarantee to lending institutions covering the difference between their normal lending margin (usually 66⅔ per cent of valuation) and 90 per cent of valuation, provided that the total mortgage loan does not exceed £2,000. This will apply only to new houses. Thus for a house which is valued by the lender for mortgage purposes at £2,400, a loan of £2,000 can be obtained instead of £1,600 under normal arrangements; if the valuation were £2,100, the loan could be £1,890 instead of £1,400. Schemes of this kind are already being operated on a small scale by the Auckland and Wellington City Councils, while some lending institutions are willing to lend more than 66⅔ per cent of valuation in special circumstances. Another recommendation was that the term of mortgage loans should be increased to 30 or 35 years, and other suggestions were made to reduce the burden of instalment payments in the early years, to the benefit of young married people.

These are some of the many topics discussed at the Conference. The whole range of housing topics came under review, and many useful recommendations made to the Government for its consideration. The main work lies ahead. The building of 206,000 houses in ten years is a formidable task, because in no past year has the number built exceeded 16,500, and there are quite important arrears in other forms of building and construction which must also be given the attention they deserve. The limiting factor will not be finance so much as physical resources. The cap-

acity of the house-building industry must rise by 50 per cent in ten years. It means better techniques of building, better organisation of jobs, greater output per man, a greater volume of materials, more men at work. There will be a greater demand for manpower and materials for house-building, a demand greater than can be satisfied at a "normal" rate of growth of the industry. The result could be merely an increase in housing costs and a renewed shortage of materials, unless the transfer of resources into house-building is facilitated in every possible way. Similarly an easing of the financial arrangements for house mortgages, desirable though this is in itself, may mean merely an increased demand for houses without a corresponding increase in supply. Of course finance should be available to keep the industry fully occupied and growing, but that finance should be provided in a manner which does not bring inflation. In short, we have a further illustration of the importance of more voluntary savings and an efficient capital market directing a due proportion of those savings into a high-priority industry-borrowing.

Budget, 1953

THE BUDGET FOR THE FINANCIAL YEAR ending 31st March, 1954, was presented by the Prime Minister and Minister of Finance, the Rt. Hon. S. G. Holland, on 27th August, 1953. The table on page 146 sets out details of estimated revenue and expenditure, compared with actual figures for 1952-53.

In the statement particular emphasis was laid on capital requirements while the taxation concessions granted were directed mainly to the benefit of the family unit. Main features of the Budget were as follows.

Capital Requirements

Government capital works including amounts for operating and other expenses are expected to cost £73.0 million, made up as follows:—

CAPITAL WORKS
Estimated Expenditure, 1953-54

(£ millions)

Hydro-electric	17.85
Land Settlement	10.70
State housing	13.00
Education buildings	5.75
Railways construction, improvements and rolling stock	9.30
Telephone and telegraph extensions	3.60
Roads and highways construction	4.25
Forest development	1.65
Murupara development (housing, railways construction, harbour, roads, etc.)	3.80
Other works	3.00
Total works	**73.00**

Included in the above total is a sum of £4.4 million for the development of the Murupara pulp and paper project. A loan of £10 million is to be raised in London before the end of the financial year to cover further requirements of this project. To finance the balance of the projected works (£68.6 million), £20.5 million will be available from sales of electricity, land and various forms of produce, from depreciation and renewal reserves, and from repayments of earlier capital outlays. A further sum, about £20 million, is expected to come from investment in National Savings and savings bank accounts, superannuation funds and other departmental resources, while loans of £2.75 million have been arranged through private institutions in Australia. The remainder of the required finance is to come from the local market. Of this, £15.5 million has already been subscribed as cash investments in the National Development Loan which opened on 26th May and closed on 30th June, 1953. A new loan for £10 million will be open from 10th September to 15th October with the same terms and conditions of issue as for the earlier loan. (See "Bulletin" for May, 1953.)

Taxation

The following taxation concessions are to be made:—

(*a*) The personal exemption is increased from £200 to £230.

(*b*) The deduction for dependent children is raised from £50 to £65.

(*c*) The special deduction on account of a wife, formerly £100 reducible by £2 for every £1 earned by the wife in excess of £50, becomes £100 reducible by £1 for every £1 earned by the wife in excess of £100.

(*d*) The surcharge on the tax levied is reduced from 5 per cent to $2\frac{1}{2}$ per cent.

(*e*) The limit on deductions for life insurance and superannuation purposes is increased from £150 or 15 per cent of assessable income, whichever is the greater, to £175 or 15 per cent of assessable income, whichever is the greater.

(*f*) A scheme is to be instituted whereby high-country farmers may voluntarily set aside reserves to insure themselves against snow losses in respect of livestock, such reserves to be included in assessable income in the year in which they are used to meet losses by snow.

(*g*) Other concessions include the exemption of a further list of items from sales tax, some exemptions from entertainment tax, concessions in respect of stamp duties and gift duty on small gifts, and special allowances in respect of death duties where the holder of an estate dies within five years of his predecessor.

It is estimated that the concessions granted will total £6.5 million.

Consolidated Fund

Estimates of receipts from taxation, and from departmental and other receipts, total £177.5 million compared with £177.8 million in 1952-53. Revenue from taxation is £2.3 million less than last year, mainly as a result of an expected fall in receipts from customs and sales tax. Provision for expenditure at £177.2 million (including £2.5 million for supplementary estimates) is about £2.7 million above total

expenditure for last year. Most of the votes show a small increase, but in the case of education the increase amounts to £2.3 million. The total vote for social services (including a transfer of £14 million to the Social Security Fund) is £57.0 million, £3.8 million above the previous year's figure, while that for defence at £27.5 million is £1.0 million higher.

Expenditure on stabilisation is reduced by £0.8 million to £13.9 million. Main reductions are the withdrawal of the subsidy on chartered shipping vessels; withdrawal of subsidies paid in respect of the coal and timber industries; cancellation of the subsidies on wool purchases by local mills and tallow used for soap and margarine; reduction of the subsidy on gas. Provision for increased expenditure is made in respect of butter, milk, wheat and flour.

The following table sets out the main items of expenditure in the Consolidated Fund and Social Security Fund and shows the percentage each category bears to the total.

CONSOLIDATED FUND AND SOCIAL SECURITY FUND, 1953-54
Estimated Expenditure

	£ *millions*	% *of Total*
Public debt charges (interest, repayment and administration)	25.4	11.3
Administration, law and order, immigration, rehabilitation, etc.	22.4	9.9
Subsidies to reduce the cost of living	13.9	6.2
Defence (excluding Defence Fund)	27.5	12.2
Maintenance (highways, roads, buildings, etc.)	15.1	6.7
Development of primary and secondary industries	13.5	6.0
Social Services—		
Paid from Social Security Fund	62.1	27.6
Other (including education, health, hospital subsidies, war pensions, etc.)	43.0	19.1
Allowances for supplementary estimates and contingencies	2.5	1.1
	225.3	100.0

Social Security Fund

Receipts into the Social Security Fund are estimated at £62.1 million, £48.0 million coming from the levy of 1/6 in the £. on almost all forms of income and £14.0 million by way of transfer from the Consolidated Fund. Most expenditure items show small increases and total expenditure amounting to £62.1 million is £3.3 million above that for last year. Included in expenditure is provision for a Christmas bonus of £10 in the case of single persons and £20 for married couples, payable to persons in receipt of age, invalidity, miners', widows', sickness, emergency or war benefits.

Public Debt

The public debt at 31st March, 1953, was £669.8 million of which £79.9 million was domiciled in London, the balance in New Zealand. Total debt increased by £14.0 million during the year compared with a fall of £13.6 million in the previous year. New issues through the National Development Loans Account and moneys raised for the purpose of repaying loans totalled £32.9 million, against which repayments of £18.9 million were made through the Loans Redemption Account.

Overall Position

The following table gives a summary picture of estimated receipts and payments of the Consolidated Fund, Social Security Fund and the Works Accounts for the year ended 31st March, 1954:—

CONSOLIDATED FUND, SOCIAL SECURITY FUND AND WORKS ACCOUNTS
Estimated Receipts and Payments—1953-54.
(£ millions)

Receipts		
Consolidated Fund		177.50
Social Security Fund		62.10
Loans from—		
Overseas	12.75	
Recent public issue (excluding conversions)	15.50	
Second public loan	10.00	
National Savings, savings banks and departmental resources	20.00	
		58.25
Miscellaneous capital receipts (sale of assets, repayments, etc.)		20.45
		318.30
Payments		
Consolidated Fund (including supplementary estimates)		177.20
Social Security Fund		62.10
Works Programme (including Murupara development)		78.60
		317.90
SURPLUS		0.4

Shorter Notes

1953 Economic Survey

On 21st August, the Minister of Finance, tabled in Parliament the 1953 Economic Survey. Economic development was taken as the theme, and current events are considered in the context of long-term trends.

After considering world economic conditions, the survey proceeds to discuss in turn New Zealand's population, the labour force, farm and other production, overseas trade, the balance of payments, monetary developments, employment and prices, the growth of capital assets and financial developments.

Surveying the past year, the report mentions the improvement in the sterling area's position but warns that each country must continue measures to avoid inflation so that the hard-won gains are not lost. A vast expansion of efficient production in sterling area countries will be a prerequisite to a permanent solution of their problems. Due mainly to a considerable reduction in imports, New Zealand's external position has improved greatly. With increasing farm and factory production and an easing of inflationary pressures, the internal economy is in a satisfactory condition.

The survey emphasises the need for a high rate of capital formation in order to cope with increased population and further improve the living standards. To enable this to take place without inflation, a high rate of saving will be essential.

Public Accounts, 1952-53.

In a table attached to this year's Budget, the Government's financial operations for 1952-53 are presented in a new and simplified form which shows the over-all cash position of the Public Account. The following is a summary, with the corresponding figures for 1951-52 in brackets:—

	£ millions	
Receipts from taxation, interest, profits, and departmental receipts amounted to	224	(224)
Borrowings from various sources (after providing for debt repayments) were	18	(30)
Sundry capital receipts and transfers amounted to	20	(26)
Electric Supply A/c., Working Railways A/c., and various other accounts within the Public A/c. had receipts in excess of expenditure of	−2	(8)
Total Receipts were thus	261	(288)
Payments and transfers from the Consolidated Fund and Social Security Fund were	219	(208)
Works and other capital expenditure cost	61	(45)
Miscellaneous capital items amounted to	6	(9)
Total Expenditure was thus	287	(262)

For 1952-53 the deficit of £26 million was financed by using £16 million of cash balances and by "withdrawing" £10 million from the Reserve Bank. In 1951-52 there was a cash surplus of £26 million, which was used to increase cash balances by £2 million and to repay £24 million to the Reserve Bank.

1954 Import Licensing Schedule

When releasing the 1954 import licensing schedule, the Minister of Industries and Commerce stated that the Government's import control policy was almost entirely concerned with giving protection to local industry. The exceptions were the issue of licences for imports from the "scheduled countries" (from which all imports are licensed) and for motor vehicles. Uruguay and Yugoslavia have been removed from the list of scheduled countries.

One of the main changes in the schedule is the introduction of a new classification under which licences are to be granted for limited imports of some goods which have not been permitted in significant quantities, if at all, in recent years. (See page 106 of the July "Bulletin").

Pulp for use in the manufacture of paper has been put back in the controlled list. The measure has been taken in view of the developments in the manufacture of paper pulp in New Zealand. Because the duty upon this item is only 3 per cent, little tariff protection would be afforded this new industry. Until a long-term policy can be settled, it is proposed to control the volume of imports directly by licensing.

Several items, formerly the subject of basic allocations (i.e. each importer's licence is for a specified percentage of his imports in a base period), have now reverted to the controlled list to permit a reallocation of licences. Most of the basic allocations remaining are fixed at 100 per cent of 1953 licences. (Note that the import licensing system is separate from the system of exchange allocations for imports.)

Import licences will not carry an assurance that foreign exchange will be available except in the case of those granted for motor vehicles and goods from scheduled countries (other than Japan). The Reserve Bank retains the right to spread remittances for these two groups.

Price Control

On 28th July, price control was removed from more than 100 items of consumer goods. They included certain items of clothing, piece goods, hosiery, footwear, rugs, photographic goods, rubber goods and groceries.

In announcing these releases the Minister of Industries and Commerce said that it was the Government's policy to retain the general system of price control for some time yet, because prices of many important goods and services are still subject to upward pressure.

United Kingdom Bank Rate

On 17th September the Bank of England's discount rate (bank rate) was reduced from 4 per cent to 3½ per cent. As a consequence of this the New Zealand on London buying rates, apart from the telegraphic transfer rate, have been adjusted to meet the lower interest component.

In London, tenders for Treasury Bills by the money market were raised, giving an approximate fall in interest return of ¼ per cent per annum. The discount rate for commercial bills will also be lower, thus meeting recent comment relating to the restriction of business owing to high rates. Loans to the money market by the Bank of England against Treasury Bill security remain unaltered at 3½ per cent.

London Wool Tops Futures Market

On 10th August last the Reserve Bank issued a circular stating that it was prepared to allocate sterling exchange to New Zealand woolbrokers, woolbuyers and freezing companies for the purpose of participating in the London Wool Tops Futures Market on behalf of themselves, woolscourers or producers. For the present, manufacturers using wool as a raw material are not included in the authority.

The wool futures market opened for the first time in London in April of this year—previously United Kingdom traders were permitted to contract on futures in New York, France and Belgium, whilst the Bradford trade depended mainly on their "forward selling" system for protection against price fluctuations.

The establishment of a sterling market will reduce the necessity for expenditure of foreign currencies, and with arbitrage facilities granted to members of the terminal market in London a world barometer of current and future values of wool is provided. In the organisation of the London market emphasis has been placed on "hedging" facilities, and it is not envisaged that physical deliveries will occur often. For this reason the basis of contract established, a 64 "B" Australian Merino Top as standard delivery with provision for deliveries in wools within the 60's—70's range, will not mean that New Zealand crossbred interests are unable to participate. The usefulness of the market centres on the possibility of insurance against price fluctuations through "hedging" which implies the purchase or sale of a futures contract with a subsequent sale or purchase to equalise the contract without physical delivery.

(£N.Z. thousands)

I—RESERVE BANK OF NEW ZEALAND
Liabilities and Assets

Average of Weekly Figures:	LIABILITIES				ASSETS								
	Bank Notes	Demand Liabilities			Reserve			Investments		Advances to State		Other Advances and Discounts	Other Assets*
		State	Banks	Other	Gold	Sterling Exchange	Other* Exchange	Over-seas	In N.Z.	Market'g Orgns.	Other		
1946	45,169	17,302	59,731	524	2,802	81,332	—	4,124	1,867	961	35,127	—	1,396
1947	47,682	13,265	57,102	483	2,802	85,300	—	3,826	749	1,157	28,510	5	1,046
1948✱	48,930	13,228	57,706	380	2,802	65,090	—	5,704	4,792	1,698	35,182	2,437	7,549
1949	51,312	11,384	73,837	355	3,223	48,995	—	7,121	34,734	3,482	37,628	4,907	1,973
1950	55,126	15,446	74,239	1,232†	4,269	51,319	256	4,463	26,850	5,096	52,245	5,378	2,277
1951	60,361	18,844	69,326	4,929†	5,139	62,557	383	9,988	17,119	3,379	51,134	6,829	3,224
1952	62,252	14,962	48,557	490†	5,856	23,416	1,235	30,244	11,325	2,290	50,795	6,125	1,761
Last Wednesday in Month:													
1952—Aug.	59,568	7,436	50,299	830	5,996	20,884	2,272	32,140	4,042	1,744	50,973	6,019	612
Sept.	59,331	6,231	56,029	445	6,008	17,842	2,321	32,140	8,042	764	54,691	6,019	882
Oct.	60,484	10,159	63,187	322	6,009	31,992	1,376	22,090	20,042	745	51,512	6,019	1,058
Nov.	62,038	7,988	68,452	216	6,012	32,157	963	22,090	24,042	965	52,748	6,019	747
Dec.	69,247	7,681	71,992	176	6,013	30,467	652	22,090	36,042	3,007	51,214	6,019	603
1953—Jan.	63,626	8,200	88,846	726	6,015	38,466	773	22,090	36,042	4,311	54,066	6,019	809
Feb.	61,908	13,635	95,161	647	6,015	48,830	844	22,090	36,042	5,187	53,163	6,019	733
Mar.	62,469	17,071	69,167	488	6,015	53,283	600	22,090	10,042	8,067	50,007	6,019	825
Apr.	62,886	5,630	89,382	567	6,017	58,719	727	21,840	13,042	7,717	50,036	6,019	2,239
May	62,656	4,977	95,883	676	6,020	65,820	691	21,840	13,110	6,952	50,834	6,019	1,064
June	62,605	4,741	102,249	2,594	6,021	65,898	665	23,840	13,166	11,144	52,631	6,019	1,100
July	62,142	4,825	99,826	1,907	6,023	65,948	556	23,840	13,167	8,895	50,000	6,019	1,291
Aug.	62,647	4,462	99,869	705	6,024	65,840	581	23,840	13,149	5,984	52,736	6,019	902
Sept. 2	62,725	8,454	98,348	629	6,024	65,486	501	23,840	13,155	5,414	56,223	6,019	960
9	62,524	6,713	98,935	616	6,025	65,736	611	23,840	13,168	3,807	56,285	6,019	787
16	62,642	7,713	97,706	1,847	6,027	64,906	578	23,840	13,169	3,292	58,771	6,019	763
23	62,694	6,403	100,805	1,374	6,027	64,609	459	23,840	18,172	2,717	55,921	6,019	955

✱ On and after 20th August, 1948, overseas assets and liabilities converted to N.Z. currency at rate, £Stg.100 = £N.Z.100; previously £Stg.100 = £N.Z.124.
* Prior to 1950 the figures for "Other Exchange" are included under "Other Assets".
† Included in these figures are the weekly averages of amounts in Wool Retention Accounts: 1950, £117,000; 1951, £4,204,000; 1952, £6,000. For details of the Wool Retention scheme see text page 19 of February, 1951, issue.

II—TRADING BANKS
Liabilities and Assets

(£N.Z. thousands)

Average of Monthly Figures:	LIABILITIES (in New Zealand)				ASSETS					Unexercised Overdraft Authorities
	Demand	Time		Total Demand and Time Liabilities	Bankers' Cash*	Net O'seas Assets	Securities		Advances and Discounts	
		Wool Retention Accounts ‡	Other				Govt.	Other		
1946	117,071	—	34,414	151,485	67,794	12,541	26,168	2,293	58,342	45,041
1947	128,115	—	37,870	165,984	66,041	13,295	20,913	2,124	76,247	46,669
1948✱	138,211	—	40,403	178,614	68,814	13,464	16,953	1,942	86,470	50,650
1949	150,699	—	39,016	189,715	86,120	14,526	12,856	1,813	81,981	57,686
1950	167,526	—	39,787	207,313	86,674	17,362	11,730	1,677	94,065	64,178
1951	196,663	19,589	39,815	256,068	83,278	27,276	11,716	1,527	133,079	72,230
1952	187,478	28,612	39,373	255,463	63,730	16,985	11,701	1,335	166,560	69,888
Last Wednesday in Month:										
1952—July	181,615	28,093	37,904	247,612	55,860	16,622	11,687	1,285	171,224	67,700
Aug.	177,440	27,757	38,629	243,825	60,678	13,408	11,687	1,272	164,173	70,648
Sept.	179,978	27,422	38,961	246,360	66,385	12,350	11,687	1,269	158,922	70,246
Oct.	180,876	26,995	38,417	246,289	73,651	11,390	11,687	1,266	159,368	71,702
Nov.	183,448	26,724	38,067	248,239	80,474	11,717	11,687	1,255	150,883	76,859
Dec.	186,314	26,460	37,309	250,083	86,297	18,137	11,687	1,251	141,916	80,609
1953—Jan.	195,167	25,607	37,058	257,833	101,110	18,333	11,687	1,190	135,289	87,325
Feb.	208,004	24,705	36,304	269,013	106,812	23,012	11,687	1,177	129,818	89,476
Mar.	200,271	24,061	35,951	260,284	81,376	25,742	11,687	1,175	140,449	84,582
Apr.	210,055	23,201	36,101	269,357	100,908	27,697	11,687	1,158	134,947	89,727
May	221,058	22,764	35,721	279,542	107,019	28,511	11,687	2,104	134,590	91,192
June	219,378	22,338	35,466	277,182	113,493	26,901	11,686	2,162	128,295	93,095
July	206,372	21,801	34,845	263,018	109,463	17,759	11,690	2,199	129,473	94,053
Aug.	209,970	21,488	35,467	266,925	110,947	16,403	11,690	2,186	131,445	96,534

* Bankers' Cash includes Notes and Coin, and Balances at Reserve Bank. ‡ See text pages 19 and 67 of February and May, 1951, issues respectively.
✱ On and after 20th August, 1948, overseas assets and liabilities converted to N. Z. currency at rate, £Stg.100 = £N.Z.100; previously £Stg.100 = £N.Z.124.

III - PRINCIPAL NEW

SEE PAGE 88 OF THE JUNE ISSUE FOR

ANN

March Year	Mean Total Population	Farm Production		Factory Production‡			Total Production		Value of Building Permits	Net National Income
		Value	Volume	Persons Engaged	Added Value	Volume	Value	Volume		
	(000)	*£N.Z. millions*	*1938-39 = 100*	*(000)*	*£N.Z. millions*	*1938-39 = 100*	*£N.Z. millions*	*1938-39 = 100*		
1938-39	1,611	81.9	100	89	30.5	100	136.1	100	12.1	193.7
1942-43	1,640	98.6	108	97	45.2	122	170.2	109	2.7	291.5
1943-44	1,638	98.9	105	100	49.4	129	175.9	108	8.3	324.6
1944-45	1,665	116.4	113	104	52.0	132	196.7	114	12.8	328.1
1945-46	1,711	112.8	107	110	55.6	136	200.4	112	16.9	346.2
1946-47	1,773	131.4	110	116	61.7	146	230.2	118	21.2	365.9
1947-48	1,813	155.0	113	120	70.8	159	266.3	123	21.4	410.2
1948-49	1,851	168.8	117	122	77.0	163	292.2	129	26.4	419.4
1949-50	1,891	208.9	123	123	84.5	174	345.0	137	30.4	481.0
1950-51	1,918	315.4	126	127	97.4*	183	473.2	141	35.0	607.4
1951-52	1,959	247.9*	126*			191*	426.3*	143*	46.3	617.4
1952-53	2,038								47.2	646.4*

‡ Excluding processing of primary products. † Debt domiciled overseas is expressed in New Zealand

ANNUAL AND

	Trade		Balance of Exchange Transactions	Money and Banking						
	Exports	Imports		Notes in Hands of Public	Volume of Money	Net Overseas Assets (Revised Series)	Advances and Investments in New Zealand: Trading Banks	Advances and Investments in New Zealand: Reserve Bank	Monthly Bank Debits (excluding Govt.)	Credit Balances in Savings Accounts
	£N.Z. millions									
Calendar Year	*Annual Totals*			*Average of Weekly Figs.*	*Average of Monthly Figures*					*As at 31st March*
1938	58.4	55.4	..	10.0	51.2	21.0	63.8	10.3	77.8	76.5
1943	71.9	95.2	+ 3.2	27.6	125.3	42.2	80.7	46.0	99.7	108.5
1944	77.8	86.4	+27.7	32.1	137.2	49.8	85.4	47.3	106.5	132.5
1945	81.5	55.1	+43.2	35.0	150.4	80.4	83.4	33.6	117.1	156.7
1946	101.3	71.6	− 6.6	38.2	176.4	100.7	86.8	36.8	138.7	182.7
1947	129.4	128.7	−25.9	40.1	184.3	102.6	99.3	30.6	175.0	217.0
1948	147.8	128.2	+ 1.3	40.7	195.5	84.1	105.4	44.9	188.6	228.7
1949	147.3	119.7	− 6.5	42.5	207.3	70.6	96.7	83.2	196.6	239.3
1950	183.8	157.9	+14.5	45.2	232.7	75.1	107.5	90.6	243.8	253.6
1951	248.1	206.5	+16.1	48.9	268.6	104.0	146.3	78.9	304.7	266.2
1952	240.8	229.5	−23.4	50.9	256.3	72.6	179.6	71.8	308.5	282.2
1953										293.1
Month	*Total for Year Ended*			*As at last Balance Day*					*Total Monthly*	*End of Month*
1952—Apr.	253.5	235.3	−22.3	51.1	269.7	74.8	199.7	62.0	315.8	282.5
May	256.5	239.5	−30.8	50.5	263.5	77.1	193.0	60.8	311.6	283.0
June	254.2	247.5	−51.3	50.3	258.0	74.6	186.1	60.9	279.5	283.8
July	251.5	256.9	−57.8	50.1	242.9	69.5	184.2	59.1	297.7	283.9
Aug.	247.9	254.8	−54.9	50.5	240.0	68.8	177.1	62.8	269.6	285.2
Sept.	245.6	255.2	−51.4	50.5	240.8	64.8	171.9	69.5	271.9	285.9
Oct.	246.4	244.3	−42.4	51.2	246.5	66.9	172.3	78.3	284.2	286.3
Nov.	244.3	235.4	−31.4	51.3	246.9	67.0	163.8	83.8	263.0	286.2
Dec.	240.8	229.5	−23.4	53.6	254.3	71.6	154.9	96.3	350.0	286.9
1953—Jan.	239.4	219.3	−10.1	53.1	260.7	79.8	148.2	100.4	261.7	287.5
Feb.	242.5	209.7	+ 3.9	51.9	277.8	94.8	142.7	100.4	319.8	286.1
Mar.	238.6	198.8	+11.1	51.4	273.2	101.9	153.3	74.1	403.7	293.1
Apr.	243.9	189.0	+23.5	52.9	272.8	109.3	147.8	76.8	340.6	295.0
May	241.3	180.3	+29.6	52.8	283.4	117.1	148.4	76.9	312.8	296.9
June	244.2		+34.7	52.9	283.3	117.6	142.1	83.0	310.5	297.7
July			+33.0	52.8	269.6	108.5	143.4	78.1	312.1	298.0
Aug.			+32.9	53.0	272.0	107.0	145.3	77.9	286.4	

ZEALAND STATISTICS

NOTES ON CONTENTS OF THIS TABLE

Sources: Census and Statistics Department
Labour Department

UAL

National Income: Wages and Salaries	National Income: Personal Consumption	National Income: Private Savings	National Income: Gross Capital Formation	Public Finance: Total Taxation	Public Finance: Current Expenditure: Social Security	Public Finance: Current Expenditure: Other	Public Debt: Overseas †	Public Debt: Internal	Public Debt: Total	March Year
£N.Z. millions										
111.1	159	17	44	37.8	..	42.9	131.4	146.2	277.6	1938-39
126.7	..	..	..	87.9	15.9	189.4	132.8	304.7	437.5	1942-43
140.4	173	83	40	100.8	17.6	206.5	133.6	366.7	500.4	1943-44
147.0	..	..	..	108.7	19.3	179.9	133.8	403.3	537.1	1944-45
161.8	..	..	..	114.9	23.0	189.9	95.2	472.7	568.0	1945-46
186.3	252	66	85	113.1	36.8	130.4	95.2	483.0	578.2	1946-47
210.1	286	82	133	122.3	40.4	115.0	83.8	494.1	577.9	1947-48
226.9	346	22	69	130.4	43.0	127.6	80.6	534.4	615.0	1948-49
251.4	355	76	120	135.6	46.4	111.7	78.8	565.1	643.9	1949-50
278.8	418	125	171	157.9	49.4	119.9	77.8	589.4	667.2	1950-51
325.2	450	79	182	200.6	54.2	144.3	77.8	575.8	653.6	1951-52
345.7*	439*	117*	180*	199.8	58.8	154.5	77.8	589.8	667.6	1952-53

currency at the rate £Stg.100 = £N.Z.100 = £A.125. * Provisional.

MONTHLY

Govt. Security Yield	Share Prices Index (All groups)	Consumers' (Retail) Price Index: Food	Consumers' (Retail) Price Index: All Groups	Wholesale Prices Index: All Groups	Wage Rate Index	Export Prices Index	Import Prices Index	Terms of Trade	Retail Sales—Selected Items (Wellington Area)	Unemployed	Calendar Year
Per cent	*Uniform Base: First Quarter, 1949 = 1000*					*Base: 1936-38 = 1000*			*March Yr. 1951=100*	*Number*	
Annual Averages											
3.81	681	713	718	570	669	1011	1020	990	..	34,748	1938
3.18	799	816	856	833	780	1220	1590	770	..	1,096	1943
3.18	871	829	872	858	788	1282	1670	770	..	913	1944
3.18	916	829	884	873	855	1379	1700	810	..	677	1945
3.01	1012	830	891	875	887	1509	1900	790	..	368	1946
3.00	1069	881	919	908	921	1890	2260	840	..	83	1947
3.03	1035	995	992	1012	983	2089	2300	910	..	61	1948
3.00	999	1023	1009	1005	1038	2027	2100	960	..	88	1949
3.07	1121	1123	1066	1093	1109	2842	2300	1240	..	34	1950
3.08	1223	1292	1183	1275	1261	3328	2690	1240	..	29	1951
3.85	1011	1422	1275	1417	1325	2648	2930	900	110*	33	1952
											1953
Monthly Figures											Month
3.67	1019	1395		1410					108*	16	1952—Apr.
3.57	1019	1408	1270	1406		2478	2990	830	115*	38	May
3.80	1006	1436		1412	1310				106*	48	June
3.80	1015	1438		1411					114*	50	July
3.81	1018	1425	1284	1415		2600	2940	880	104*	38	Aug.
3.98	995	1462		1434	1361				106*	40	Sept.
4.12	989	1500		1450					115*	41	Oct.
4.13	963	1437	1294	1440		2768	2820	980	105*	31	Nov.
4.14	961	1448		1439	1362				161*	45	Dec.
4.13	959	1453		1411					89*	40	1953—Jan.
4.10	956	1464	1307r	1405		2844			97*	28	Feb.
4.10	958	1447		1398	1364				104	37	Mar.
4.08	967	1465		1393					111	37	Apr.
3.99	981	1489	1322						115	52	May
4.03	986	1493			1365				104	114	June
3.97		1478							117	133	July
3.97											Aug.

r Revised. * Revised series see page 86, June, 1953, issue.

IV—GOVERNMENT FINANCE

Table showing the ACTUAL receipts and expenditure of the CONSOLIDATED FUND and SOCIAL SECURITY FUND‡ for the year ended 31st March, 1953, compared with the ESTIMATED receipts and expenditure for the year ending 31st March, 1954.

(£N.Z. thousands) *Source: Appendices to the Journals, House of Representatives, B-6*

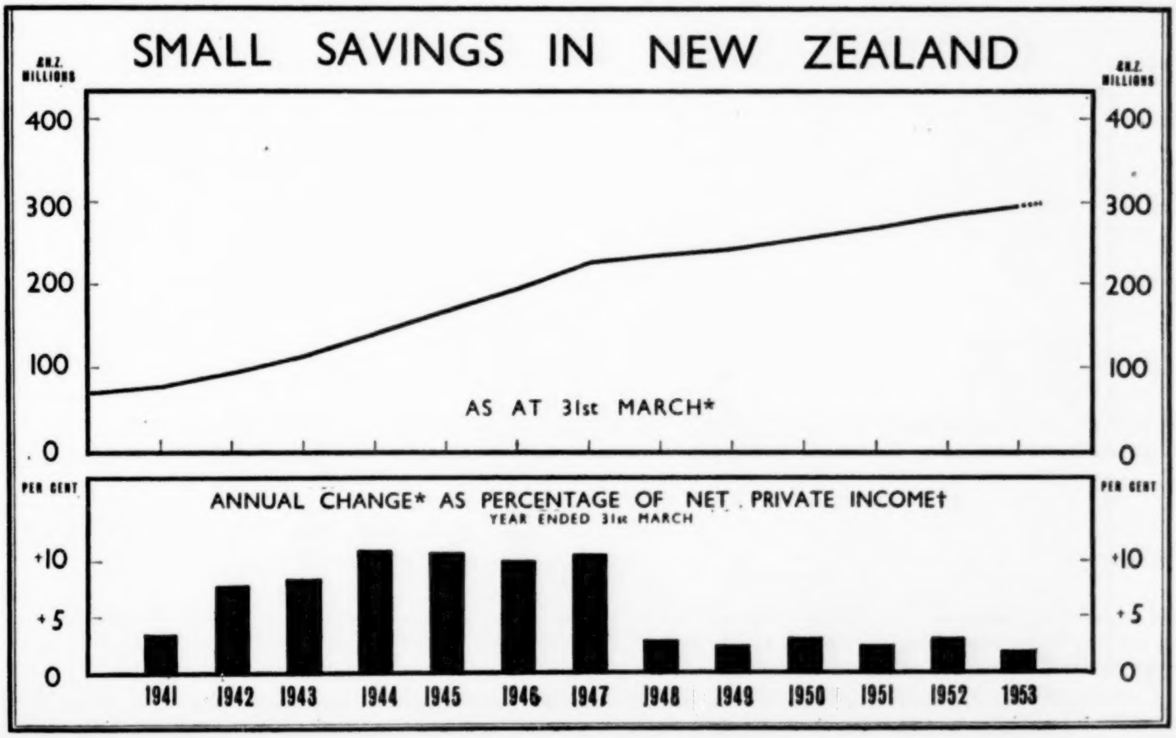
RECEIPTS	Actual for 1952-53	Estimated for 1953-54
TAXATION :		
Income Tax	78,701	81,500
Land Tax	1,315	1,300
Social Security Charge	45,508	48,000
Customs Duties	27,273	25,000
Beer Duty	5,467	5,500
Sales Tax	21,992	19,700
Highways Tax	4,908	5,200
Stamp and Death Duties	14,470	13,700
Film Hire Tax	135	100
Total Taxation	199,770	200,000
INTEREST RECEIPTS	6,894	7,600
PROFITS FROM TRADING UNDERTAKINGS	1,481	2,000
DEPARTMENTAL	15,185	15,900
MISCELLANEOUS RECEIPTS :		
Social Security Fund	120	100
Total	223,450	225,600

EXPENDITURE	Actual for 1952-53	Estimated for 1953-54
PERMANENT APPROPRIATIONS :		
Debt Services:		
Interest and Management	17,585	18,528
Repayment of Debt	6,574	6,884
Transfer to Public Works A/c.	6,000	—
Other Permanent Appropriations	3,672	3,687
ANNUAL VOTES :		
Social Services:		
Health	4,806	5,250
Hospital Subsidies	9,618	10,280
Education	18,124	20,400
War and Other Pensions	6,640	7,079
Defence:		
Construction and Maintenance	2,264	3,080
Navy, Army, Air	24,217	24,420
Rehabilitation	1,499	1,390
Stabilisation	14,720	13,900
Maintenance:		
Public Works and Services	9,426	9,400
Highways	5,179	5,650
Development of Primary and Secondary Industries	12,883	13,497
Other Annual Votes	17,309	17,299
SOCIAL SECURITY:		
Administration Expenses	958	1,013
Emergency Benefits	341	370
Special Assistance	21	200
Hospital Benefits:		
Maternity	919	981
Hospital	2,135	2,214
Medical	3,047	3,229
Pharmaceutical	3,016	3,272
Supplementary	1,311	1,481
Bonuses to Beneficiaries	767	1,600
Monetary Benefits:		
Age	19,091	19,100
Invalids'	1,417	1,350
Widows'	2,157	2,100
Sickness	1,062	1,100
Family	16,854	17,600
Universal Superannuation	5,565	6,321
Other Monetary Benefits	165	169
Total	219,341	222,845

‡ This table excludes transfers from the Consolidated Fund to the Social Security Fund: Actual 1952-53, £14,000,000; Estimated 1953-54, £14,000,000.

(£N.Z. thousands) **V—SMALL SAVINGS IN NEW ZEALAND** *Source: Census and Statistics Department*

	Credit Balances in Savings Accounts					National Savings Bonds		Total Small Savings		
	Post Office Savings Bank	Trustee Savings Bank	National Savings Accounts	Total Credit Balances in Savings Accounts*	Change during Period*	Estimated Purchase Value of Bonds Out-standing§	Estimated Change during Period	Amount*	Change during Period*	Change as % of Net Private Income†
March-Years	*Balance at end of year*				*Annual*	*Total at end of year*	*Annual*	*Total at end of year*	*Annual*	
1942-43	84,470	18,320	5,666	108,456	+ 17,687	4,754	+ 1,356	113,210	+ 19,043	+ 8.4
1943-44	98,614	20,914	13,010	132,538	+ 24,082	7,876	+ 3,122	140,414	+ 27,204	+ 11.0
1944-45	113,492	22,774	20,457	156,723	+ 24,185	10,485	+ 2,609	167,208	+ 26,794	+ 10.7
1945-46	128,514	27,254	26,917	182,685	+ 25,962	11,343	+ 858	194,028	+ 26,820	+ 10.0
1946-47	154,859‡	30,540	31,560	216,959	+ 34,274	9,972	— 1,371	226,931	+ 32,903	+ 10.7
1947-48	160,881‡	31,778	36,070	228,729	+ 11,770	7,896	— 2,076	236,625	+ 9,694	+ 2.7
1948-49	166,297‡	32,771	40,197	239,265	+ 10,536	5,557	— 2,339	244,822	+ 8,197	+ 2.3
1949-50	170,982	34,943	47,671	253,596	+ 14,331	3,896	— 1,661	257,492	+ 12,670	+ 3.0
1950-51	176,103	36,893	53,214	266,210	+ 12,614	2,957	— 939	269,167	+ 11,675	+ 2.4
1951-52	184,639	38,334	59,218	282,191	+ 15,981	2,953	— 4	285,144	+ 15,977	+ 3.0
1952-53	191,274	38,854	62,930	293,058	+ 10,867	2,548	— 405	295,606	+ 10,462	+ 1.9
Month	*Balance at end of month*				*Monthly*	*Total end month*	*Monthly*	*Total at end of month*	*Monthly*	
1952—July	185,015	38,398	60,508	283,921	+ 141	2,764	— 42	286,685	+ 99	....
Aug.	186,241	38,441	60,555	285,237	+ 1,316	2,733	— 31	287,970	+ 1,285	....
Sept.	187,076	38,411	60,455	285,942	+ 705	2,702	— 31	288,644	+ 674	....
Oct.	187,649	38,478	60,202	286,329	+ 387	2,658	— 44	288,987	+ 343	....
Nov.	187,374	38,380	60,465	286,219	— 110	2,639	— 19	288,858	— 129	....
Dec.	187,789	38,319	60,815	286,923	+ 704	2,603	— 36	289,526	+ 668	....
1953—Jan.	188,292	38,273	60,944	287,509	+ 586	2,594	— 9	290,103	+ 577	....
Feb.	187,105	37,978	61,008	286,091	— 1,418	2,570	— 24	288,661	— 1,442	....
Mar.	191,274	38,854	62,930	293,058	+ 6,967	2,548	— 22	295,606	+ 6,945	....
Apr.	192,671	39,046	63,331	295,048	+ 1,990	2,516	— 32	297,564	+ 1,958	....
May	193,636	39,313	63,918	296,867	+ 1,819	2,495	— 21	299,362	+ 1,798	....
June	193,685	39,410	64,588	297,683	+ 816	2,452	— 43	300,135	+ 773	....
July	195,580	39,659	62,796	298,035	+ 352	2,415	— 37	300,450	+ 315	....

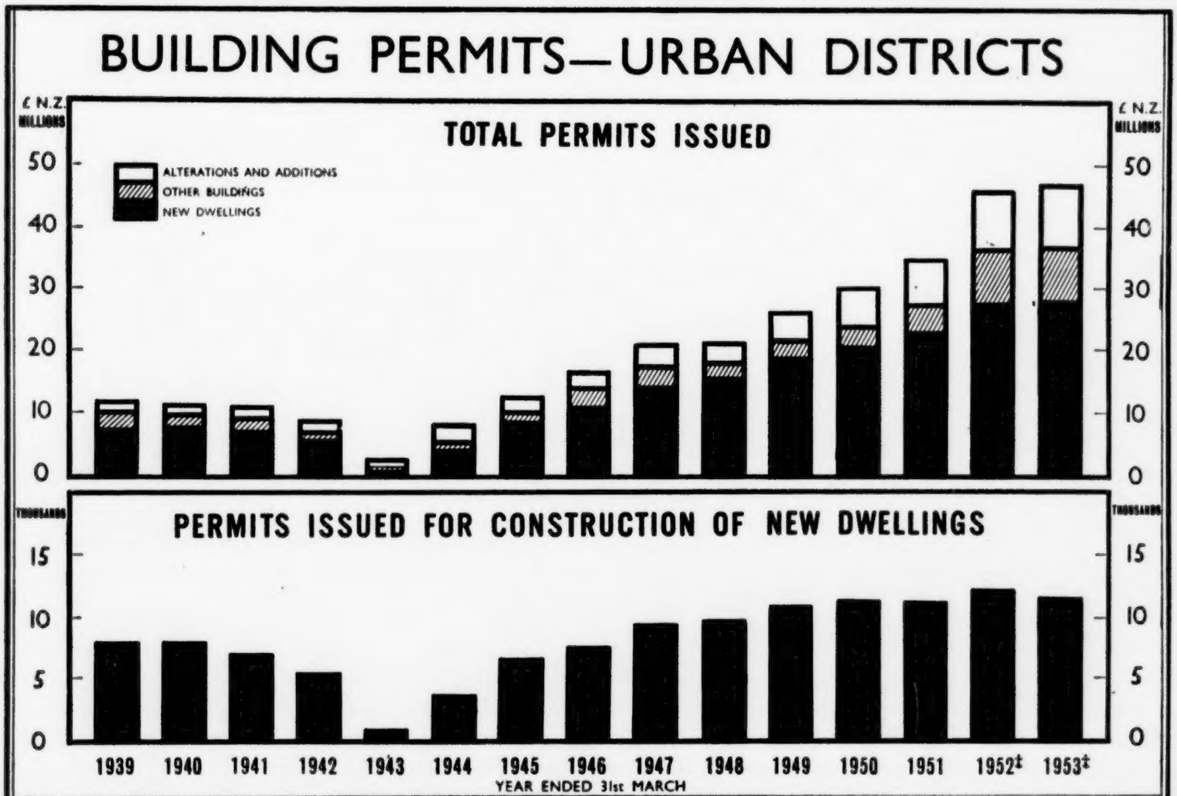


* Including interest credited in March of each year; for National Savings Accounts interest calculated for the year ended 30th June is not included in the total until the following March. ‡ Includes amounts to credit of War Gratuity Accounts, viz.—1946-47, £13,616,000; 1947-48, £12,439,000; 1948-49, £11,448,000. § Excluding accrued interest which has been regarded as a cash payment on maturity. † Net Private Income = Private Income as defined in the National Income Statistics less direct taxation and changes in primary-products stabilisiation and wool retention balances.

VI—BUILDING PERMITS*—URBAN DISTRICTS

Source: Census and Statistics Department

Year Ended 31st March	New Buildings								Alterations and Additions	Total Permits
	Dwellings Only †				Other Buildings		Total			
	State Scheme No.	Others No.	Total No.	Total Value (£000)	No.	Value (£000)	No.	Value (£000)	Value (£000)	Value (£000)
				All Urban Districts						
1939	3,688	4,405	8,093	7,518	667	2,678	**8,760**	**10,196**	1,930	**12,126**
1947	2,634	6,882	9,516	14,307	729	3,319	**10,245**	**17,626**	3,533	**21,160**
1948	2,933	6,921	9,854	15,906	641	2,374	**10,495**	**18,280**	3,146	**21,427**
1949	3,706	7,396	11,102	19,048	736	2,924	**11,838**	**21,972**	4,459	**26,430**
1950	4,163	7,367	11,530	20,823	1,099	3,397	**12,629**	**24,220**	6,146	**30,366**
1951	2,057	9,322	11,379	22,991	1,294	4,689	**12,673**	**27,680**	7,351	**35,031**
1952‡	1,960	10,483	12,443	27,763	1,541	8,856	**13,984**	**36,619**	9,661	**46,279**
1953‡	2,940	8,760	11,700	28,045	1,669	9,037	**13,369**	**37,082**	10,098	**47,180**
Monthly				*Larger Centres (Revised Basis)‡*						
1952—June	163	535	698	1,690	110	501	**808**	**2,191**	640	**2,831**
July	218	677	895	2,191	123	647	**1,018**	**2,838**	896	**3,735**
Aug.	183	605	788	1,900	111	628	**899**	**2,528**	805	**3,332**
Sept.	221	728	949	2,206	131	452	**1,080**	**2,658**	756	**3,415**
Oct.	244	674	918	2,220	100	707	**1,018**	**2,927**	752	**3,679**
Nov.	216	624	840	2,036	105	1,026	**945**	**3,062**	623	**3,685**
Dec.	131	660	791	1,846	78	506	**869**	**2,352**	620	**2,972**
1953—Jan.	277	441	718	1,842	65	337	**783**	**2,179**	488	**2,667**
Feb.	259	592	851	2,170	116	475	**967**	**2,645**	742	**3,387**
Mar.	331	701	1,032	2,588	148	1,058	**1,180**	**3,646**	1,276	**4,921**
Apr.	275	541	816	2,098	123	709	**939**	**2,807**	616	**3,423**
May	196	643	839	2,091	144	809	**983**	**2,900**	747	**3,647**
June	183	548	731	1,842	129	732	**860**	**2,574**	617	**3,192**



* Includes particulars of new buildings and alterations commenced by State Departments although permits may not actually be issued. † Includes flats, each being counted as a separate dwelling.
‡ Figures are not comparable with earlier years. From April, 1951, figures from additional local authorities included in statistics.

THE MATERIAL IN THIS "BULLETIN" WAS PREPARED BY THE RESEARCH AND STATISTICS OFFICE OF THE RESERVE BANK OF NEW ZEALAND AND PRINTED IN NEW ZEALAND BY WHITCOMBE AND TOMBS LIMITED.